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SUBJECT: UKRAINE: SEPTEMBER 30 PARLIAMENTARY ELECTIONS A
CRITICAL TEST FOR DEMOCRACY

Classified By: The Ambassador for reasons 1.4(a,b,d).

¶1. (C) Summary. Ukrainians will go to the polls on September 30 -- for the fifth time in the past three years -- to elect a new parliament, and attempt to end the political deadlock that has gripped this country since President Yushchenko's April 2 decree dissolving the Rada. With the polls showing PM Yanukovych's Regions party in a dead heat with the combined "orange forces" of President Yushchenko and former PM Yuliya Tymoshenko, this election is literally too close to call. Depending upon the results, we could see a restored "Orange" coalition government, a broad coalition between Yanukovych's and Yushchenko's forces, or a Regions decision to join forces again with the Communists. The open campaign process and lively political debate in the press show that the democratic gains of the Orange Revolution are undiminished. However, with pundits and political forces all predicting efforts from their opponents sides to falsify the vote, even a small amount of fraud could make the difference in this close race. The USG position has been consistent as we have both publicly and privately called on all political forces to ensure that this election is free and fair, and have emphasized that we have no favorites in this race. A bad election would not only call into question Ukraine's democratic credentials, it could also cause Europeans to give up on the country, thwarting Ukraine's European aspirations and our overall policy goal of a westward-looking Ukraine. End Summary.

¶2. (C) Many in the country see this election as the result of Kyiv-based intrigues -- a political crisis that has little to do with the rest of the country. Although the west remains pro-Orange and the east and south firmly in the Regions' blue camp, voters share a general fatigue with the constant calls to go back to the polls. Although polls show 18-20% of Ukrainian voters still undecided, few expect voters to change their political party affiliations and many believe that undecideds are still deciding whether or not to vote at all. The parties continue to vie with their own allies for votes. Political sniping is most pointed in the west between Tymoshenko and Yushchenko's political forces. In the South and the East, Regions is fighting for votes with their former Socialist and Communist allies, partly explaining the recent Regions campaign strategy to promote a national referendum on the questions of neutrality (read NATO membership) and an official status for the Russian language, core issues for voters there.

¶3. (C) Regions is again expected to gain a plurality of the vote, although it is unlikely to manage an outright majority on its own and may be having trouble getting past its 35% core voter base. Yuliya Tymoshenko's BYuT is also running a professional and well-financed campaign, and has enjoyed a bounce in the polls that show her party running at above 2006 levels at 25% or more of the vote. President Yushchenko's Our Ukraine-People's Self Defense Bloc has sagged in the

polls over the past few weeks, now hovering around 10% of the vote. It is likely that the Communists will get past the 3% threshold requirement into the Rada, with the possibility of one additional smaller party slipping over the threshold. Unlike past elections, Russia, perhaps preoccupied with its own parliamentary election campaign, has not played an overt role in this campaign -- a fact many Ukrainians have noticed and appreciated.

14. (C) There are only a small number of coalition possibilities in play after the election. The first scenario is that if the two orange parties combined get a majority, then it is most likely that they will form an Orange Government with Yuliya Tymoshenko returning as Prime Minister. Even in this case, we don't rule out the possibility that President Yushchenko will again flirt with the idea of forming a broad coalition with his former rival Viktor Yanukovich, especially if Regions offers him the possibility of naming the Prime Minister. However, if the orange parties do not have the votes, the ball will be in Regions' court. This would lead to a second alternative of Regions members convincing Yushchenko to join them in a broad coalition, as a way to heal the East-West divide in the country. A third alternative would be for Regions to opt for a coalition with the Communist Party. Forming a government with the Communist Party may appeal to some in Regions -- and some believe to Moscow as well -- but such a coalition would be difficult for Regions given Communist opposition to free markets and liberal economic principles. They are also likely to demand a number of key government posts, including the Rada Speaker. Such a coalition would be the least conducive to the pursuit of USG policies regarding Ukraine, potentially slowing down Ukraine's integration into Europe and the international economy.

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15. (C) In spite of claims from all sides that these elections will be marred by fraud by their opponents, the pre-election campaign period has been remarkably free and open; candidates have freely toured the country and there has been a lively debate in the press about everything from campaign platforms to questions of the appropriate use of administrative resources and American spin-doctors. Although politicized, the Central Election Commission is functioning. While most experts believe that fraud could be a problem, especially in a close election, none see a return to the large-scale fraud visible in 2004-5 in the run-up to the Orange Revolution. Those outside of Kyiv agree that civil society and the balance between parties around the country will ensure that no one gets away with stealing the election. We and the 3500 international observers will look carefully at potential problems associated with the accuracy of the voters' lists, the liberal use of the mobile ballot box for the elderly and infirm, and the striking of the names from voter lists of those people outside of the country 72 hours before election day.

16. (C) One troubling development is the appearance of tent cities in Kyiv and pledges from the leaders of the major political parties to use "people power" and tent cities to ensure that the vote is not stolen away in favor of their opponents. Although they are only lightly staffing these tent cities now, Regions, BYuT and Our Ukraine-People's Self-Defense have all said that they will rally their forces in central Kyiv until the election results are final. Although the police and military have been extremely correct in the way that they have handled demonstrators, this large mass of people in central Kyiv could increase the potential for violence as the results of this close race are counted and announced. The Central Election Commission should announce a preliminary outcome on October 1 and then has 15 days to announce the final results of the election; however, all of the parties are preparing court challenges that could end up delaying the release of the final counts as lawyers cross the country filing suits and counter-suits in

sympathetic courts.

¶7. (C) Long before the CEC comes up with its final results, we expect the parties to engage in a dance of coalition building that could either be completed within weeks or drag on for months. In the worst case, continued court challenges and parties refusing to take their seats in Parliament could lead to confusion and uncertainty, and a continuation of the political turmoil of the past six months. Whatever the result, in the back of the minds of the big three, President Yushchenko, Prime Minister Yanukovych and Yuliya Tymoshenko, is the question of the 2009 presidential elections. For Yushchenko, the September 30 elections and his direct participation in campaigning for OU-PSD have been a trial run for 2009. The results have not been encouraging. For Yanukovych, if his party maintains control of the parliament this time, he could use the Premiership to make a successful run for the Presidency that would give Regions full control of the Government. And for Tymoshenko, a successful restoration of an orange coalition and her premiership could mean an agreement to back Yushchenko in the 2009 race; alternatively, if Regions and OU form a coalition, Tymoshenko is expected to begin work on her own presidential campaign immediately.

¶8. (C) For the USG, our message of preferring certain policies -- further democratic consolidation, economic reform and integration into Europe -- but not specific parties or coalitions, leaves us in a good position to embrace any government that is formed as a result of democratic forces as a bilateral partner. In spite of our early "preference" for an orange coalition after the March 2006 elections, Ukrainians give us credit for looking forward and working with the democratically-elected Yanukovych Government this past year. A strong USG statement on Monday, October 1 that reflects the OSCE evaluation and fairly apportions credit and blame for the conduct of this election will be important. Now we just have to wait for the polls to open.

¶9. (U) Visit Embassy Kyiv's classified website:
www.state.gov/p/eur/kiev.
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